



Oregon House of Representatives
Energy, Environment and Water Committee

MEASURE: HB 4078
EXHIBIT: 16
2012 SESSION H ENERGY, ENVIRONMENT
& WATER
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SUBMITTED BY: Glenn Montgomery

HB 4078 Public Comments
February 14, 2012

Dear Co-Chairs and members of the House Energy, Environment and Water Committee:

Oregon Solar Energy Industries Association (OSEIA) is a non-profit trade group established in 1981 that represents a diverse constituency from small, residential solar installers to global manufacturers of panels and equipment, such as SolarWorld in Hillsboro and Advanced Energy in Bend.

OSEIA supports HB 4078-2 for the following reasons:

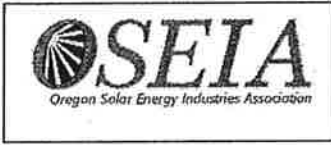
- 1) It supports renewable energy development that can proceed without state subsidy;
- 2) It will streamline projects that stimulate Oregon's rural economy and create hundreds of jobs over the next few years, including 10-15 permanent jobs;
- 3) It eliminates new, onerous requirements introduced by rulemaking that threaten to prevent projects currently in the queue from moving forward.

Oregonians are united in their support of renewable energy which is good for our economy, our environment, and our communities. For example, a December 2010 poll reported that nearly four out of five residents in rural Oregon, Washington, and Idaho supported wind energy development, even if the turbines were visible from their homes.¹ HB 4078-2 makes it easier for property owners to install solar energy systems on non-high value land. Equally significant, HB 4078-2 allows large-scale development to proceed with greater certainty, and the economies of scale make this possible without state subsidy. This is a notable departure from the days when tax credits were necessary to cover "above market" costs on utility-scale projects.

HB 4078-2 will allow several solar development projects in rural Oregon to move forward prior to the expiration of the federal Investment Tax Credit (ITC) which finances 30% of project costs. These projects are estimated to create nearly 300 direct construction jobs, stimulate roughly half again as many community jobs, and generate 10-15 permanent, local jobs in rural Oregon. This does not take into account the purchase of equipment throughout the solar value chain – panels, inverters, racking, etc., - all of which provide an opportunity for Oregon companies to compete for this business.

The process of siting and permitting a solar energy system is difficult and time consuming, even under the best of circumstances. Current administrative rules unnecessarily restrict the size of renewable energy projects to 100 acres, even though there is broad consensus among industry and environmental stakeholders that the threshold can be much greater. Beyond this threshold, an exception process must be undertaken which adds time, cost and uncertainty. Moreover, the rules introduce a new requirement that singles out large-scale solar development by requiring a site-specific assessment of "species of concern." No other development is burdened with this requirement, and it is unclear as to the reason why the rule is inconsistently and exclusively applied to solar.

¹ Northwest OpinionScape December 2010. <http://dhmresearch.com/nwopinionscape/downloads/NW-OpinionScape-Q4-Dec-annot.pdf>



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What is clear is that current projects that rely on the federal ITC will not proceed under the current rules, since a site-specific assessment will most assuredly push these projects beyond 2016 which is the installation deadline required by the federal government. HB 4078-2 increases the acreage threshold and provides greater certainty to landowners and developers that wish to pursue solar energy development in time to take advantage of the federal Investment Tax Credit (ITC).

Oregon landowners deserve the opportunity to pursue every reasonable option to maximize the productivity of their land. In some cases, land is ill-suited for the specific purpose in which it is zoned, such as non-irrigated, non-high value land in an Exclusive Farm Use (EFU) zone. Thankfully, there are many examples in which renewable energy development is compatible with agricultural production. In fact, the additional revenue derived from renewable energy systems is a hedge against the volatility of the agricultural sector. The state should support a process which allows both to flourish and complement one another where it makes sense to do so.

Our current economic recession further amplifies the disparity between Oregon's urban and rural regions. Rural counties that are dependent upon natural resources suffer from double-digit unemployment. Rural landowners need flexibility. HB 4078-2 gives them another option on marginal lands in which agricultural production is not the best and highest use. They deserve to pursue this option.

HB 4078-2 is a sensible measure to support Oregon's green economy with no additional fiscal impact to the state. It helps streamline siting and permitting. It avoids onerous studies, fees and costly delays that are endemic to the current exceptions process. Most importantly, it gives rural landowners an opportunity to pursue the best and highest use of their property.

I urge the passage of HB 4078-2.

Respectfully submitted,

Glenn Montgomery
Executive Director, OSEIA





